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STATE OF NORTH CAROLINA ex rel. CITY, O.B.C.

ROY COOPER, Attorney General.

Plaintiff,

VS.

EAST COAST TRAVEL, INC., ERIN E. BUCKLEY, BETH E. COCHRAN, MILLENNIUM TRAVEL AND PROMOTIONS, INC., KAREN E. ARMAND, TONY J. ARMAND HENRY J. ARMAND, ADRIAN D. MILLER, A-2-Z VACATIONS, LLC, SMART TRAVEL & INCENTIVES, INC., and JULIE A. JOHNSON

Defendants.

**CONSENT JUDGMENT AS TO
ADRIAN D. MILLER, A-2-Z
VACATIONS, LLC, AND
EAST COAST TRAVEL, INC.**

This cause coming on to be heard and being heard before the undersigned Superior Court Judge in Wake County for entry of a Consent Judgment at the joint request of Plaintiff State of North Carolina, by and through Attorney General Roy Cooper, and Defendants Adrian D. Miller, A-2-Z Vacations, LLC ("A-2-Z") and East Coast Travel, Inc. ("ECT"), the Court, with the consent of Plaintiff and Defendants Miller, A-2-Z, and ECT makes the following:

FINDINGS OF FACT

1. Plaintiff is the State of North Carolina, acting on the relation of Roy Cooper, Attorney General, pursuant to authority granted in Chapters 75 and 114 of the General Statutes of North Carolina.
2. Defendant Adrian E. Miller is a resident of Texas and managed and controlled the operations of Defendant A-2-Z in connection with the sale of Defendant A-2-Z's vacation club

memberships to consumers in North Carolina.

3. Defendant A-2-Z is registered as a limited liability corporation in the state of Wyoming and contracted with Defendant ECT to sell Defendant A-2-Z's travel club memberships to consumers in North Carolina.

4. Defendant ECT is a North Carolina corporation that contracted with Defendant A-2-Z to sell Defendant A-2-Z's travel club memberships to consumers in North Carolina.

5. Plaintiff alleges the following:

(a) Beginning in June 2012, Defendants Miller, A-2-Z, and ECT arranged for consumers in North Carolina to receive mailings informing them that they had "been selected to receive* an 8 Day/7 Night Cruise for 2 with an outside cabin, leaving from any major port in the U.S." The mailing further promised, "You have been selected to receive* 2 round trip airfares leaving from or going to any major airport in the continental U.S.";

(b) The asterisks in the text of the mailer referred the consumers to the back of a flap in the mailer where it provided in print much smaller than the offer:

You will be given a certificate valid for two aboard Carnival® Cruise Lines for eight days. (Airfare not included with cruise) Accommodations are an outside cabin. Certain travel dates apply. Travel over major holidays is not permitted. This offer is being used in conjunction with a vacation program. Some restrictions apply. Recipient is responsible for any government taxes, custom fees, and agency fees associated with the cruise and/or bonus airfare. Approx. retail value is \$1200. There is no obligation to purchase or join anything.

This promotion is not sponsored by or affiliated with Carnival® Cruise Lines or any other third party business referenced in this promotion but they are major suppliers;

(c) Consumers also received similar offers for "free" airline tickets and a short hotel stay;

(d) The solicitations used such language as "congratulations" and "you have been selected to receive," leading consumers to believe that they had "won" the cruise and the airline tickets. However, consumers had not entered a contest and had not been "specially selected" because Defendants Miller, A-2-Z, and ECT were not operating a contest. Instead, all consumers, whom these three Defendants deemed financially qualified to purchase and who sat through the sales presentation, received a packet with information on how to redeem their trips;

(e) The travel certificates cost between \$18 and \$25 each and were used as sales incentives to entice consumers to come sit through a sales presentation where, as directed by defendant Miller and others, Defendant ECT marketed and sold Defendant A-2-Z travel club memberships. Due to the onerous conditions imposed on redeeming the travel certificates and the additional charges if a trip was booked, the travel certificates were neither "free" nor even a good value;

(f) Consumers who attended the sales presentations in North Carolina were subjected to high-pressure sales presentations containing numerous misrepresentations about the services provided by the travel club membership they were offered;

(g) Consumers were told, among other things, that defendant A-2-Z (i) had been in the travel business for twenty-two years, had a staff of 150 agents manning phones for personal trip planning and arrangements, and had more than 130,000 members; (ii) was a private wholesale membership club like Sam's Club, and it bought in bulk, cut out the middle-person, and passed the savings along to the customers; (iii) was affiliated with credentialing bodies like the American Resort Development Association (ARDA), Cruise Lines International Association, Inc. (CILA), and the American Society of Travel Agents (ASTA); (iv) partnered with such travel

providers as Marriott, Hilton, Carnival Cruises, Southwest Airlines, Sandals, Hyatt, Wyndham Hotels & Resorts, Delta, Ramada, Royal Caribbean, and Holiday Inn; and (v) could save its members from paying retail price for travel and offered unlimited timeshare weeks and access to low cost comprehensive travel services at about 25% to 40% less than the retail market;

(h) The statements made during the sales presentation were not true because Defendant A-2-Z (i) was registered to conduct business until July 2012 and could not have been in business under that name for twenty-two years; (ii) did not have 130,000 members; (iii) did not have 150 employees standing by to assist members; (iv) was not a member of ARDA, CILA or ASTA; (v) did not have any partnership agreements with the airlines, hotels, and other travel providers it listed during its sales presentation; and (vi) had no arrangements to buy travel accommodations in bulk and did not provide the promised discounted prices for its members;

(i) Consumers who purchased Defendant A-2-Z's memberships have had difficulty reaching agents at Defendant A-2-Z to book travel, and, when they have reached the agents, have found that the savings advertised as available during the sales presentation are not in fact available. Consumers have found that the same prices Defendant A-2-Z offers can also be found online or by contacting the vacation destination directly; and

(j) Defendants Miller, A-2-Z, and ECT's actions in connection with the practices set out above were in or affecting commerce in North Carolina.

6. Defendants Miller, A-2-Z, and ECT deny the allegations in Paragraph 5 and as stated within Plaintiff's Complaint and make no admission of liability but wish to resolve this matter without further litigation and, therefore, do not object to the entry of this Consent Judgment.

CONCLUSIONS OF LAW

1. The court has jurisdiction over the parties and the subject matter.
2. Entry of this Judgment is just and proper.
3. The Complaint states a cause of action against Defendants Miller, A-2-Z, and ECT pursuant to N.C.G.S. § 75-1.1 in connection with the marketing and sale of travel club memberships in North Carolina, and the Court finds good and sufficient cause to adopt the agreement of the parties and these findings of fact and conclusions of law as its determination of their respective rights and obligations and for the entry of this Consent Judgment.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. Defendant Miller represents that he has no plans to continue to conduct travel related business in North Carolina for ten years. Accordingly, for a period of ten years, Defendant Miller agrees not to: (a) engage in any travel related business in North Carolina, including but not limited to selling or offering for sale, directly or indirectly, travel certificates, travel vouchers, or other promotional travel opportunities; (b) offer to or make any travel arrangements, including reservations for airline tickets, hotels or condos, and cruises, for residents of North Carolina; (c) market or sell, directly or indirectly, memberships in any type of vacation club; (d) send mailings into North Carolina soliciting consumers to attend sales presentations on travel-related goods and services; (e) make outbound telephone calls to or receive inbound telephone calls from consumers in North Carolina relating to the marketing and sale of travel-related goods and services; and (f) have an ownership interest in or be a member, officer, or employee of any company that offers or sells travel club memberships or other travel related services, including travel certificates, to residents of North Carolina or to be awarded to North

Carolina residents. During the ten year period, Defendant Miller may in writing ask the North Carolina Consumer Protection Division of the North Carolina Department of Justice for permission to engage in these activities in the State of North Carolina, but the Attorney General, in his or her sole discretion, may deny Defendant Miller's request to conduct business in North Carolina within the ten year period.

2. Defendants A-2-Z and ECT shall be permanently enjoined from (a) engaging in any travel-related business in North Carolina, including but not limited to selling or offering for sale, directly or indirectly, travel certificates, travel vouchers, or other promotional travel opportunities; (b) offering to or making any travel arrangements, including reservations for airline tickets, hotels or condos, and cruises, for residents of North Carolina; (c) marketing or selling, directly or indirectly, memberships in any type of vacation club; (d) sending mailings into North Carolina soliciting consumers to attend sales presentations on travel-related goods and services; (e) making outbound telephone calls to or receiving inbound telephone calls from consumers in North Carolina relating to the marketing and sale of travel-related goods and services; and (f) having an ownership interest in or be a member, officer, or employee of any company that offers or sells travel club memberships or other travel-related services, including travel certificates, to residents of North Carolina or to be awarded to North Carolina residents. Notwithstanding this provision, nothing in this Consent Judgment shall prevent Defendant A-2-Z, including its employees, affiliates, and representatives from continuing to service existing A-2-Z customers located in North Carolina and who want to continue to use A-2-Z's services.

3. Defendants Miller and A-2-Z shall discontinue any automatic renewal of annual dues for A-2-Z members whether through credit card charges or bank account debits.

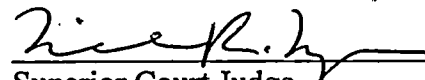
4. Prior to the entry of this Consent Judgment, Defendants Miller, A-2-Z, and ECT shall pay \$60,000 to the North Carolina Department of Justice to be used for consumer restitution, costs of investigation, consumer education, and other consumer protection purposes at the discretion of the North Carolina Attorney General.

5. Defendants shall pay \$450,000 in civil penalties. Payment of this civil penalty is suspended as long as Defendants Miller, A-2-Z, and ECT are in full compliance with the terms of this Consent Judgment. If at any time within three years following the date of this Agreement, Defendants Miller, A-2-Z, or ECT violates the terms of this Consent Judgment, this penalty shall be immediately due to the State from Defendants Miller, A-2-Z, and ECT without further order of this Court.

6. This Consent Judgment shall not affect the rights of any private party to pursue any remedy or remedies allowed pursuant to the laws of the State of North Carolina.

7. This Consent Judgment Agreement shall not bind any other offices, boards, commissions, or agencies of the State of North Carolina.

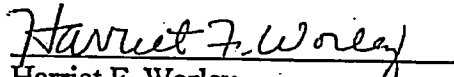
This the 24th day of October, 2014.



Superior Court Judge

WE CONSENT:

STATE OF NORTH CAROLINA
ex rel. ROY COOPER,
Attorney General


Harriet F. Worley
Special Deputy Attorney General


East Coast Travel, Inc.

By:
Erin E. Buckley

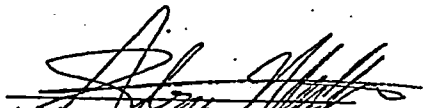
Walter C. Holton, Jr.
Counsel for East Coast Travel, Inc.

A-2-Z Vacations, LLC


By:
Adrian D. Miller



Andrew Fitzgerald
Counsel for Adrian Miller and
A-2-Z Vacations, LLC.



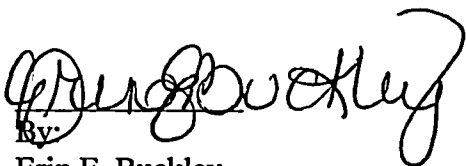
Adrian D. Miller, individually

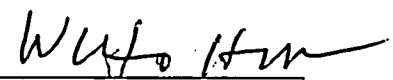
WE CONSENT:

STATE OF NORTH CAROLINA
ex rel. ROY COOPER,
Attorney General

Harriet F. Worley
Special Deputy Attorney General

East Coast Travel, Inc.


By:
Erin E. Buckley


Walter C. Holton, Jr.
Counsel for East Coast Travel, Inc.

A-2-Z Vacations, LLC

By:
Adrian D. Miller

Andrew Fitzgerald
Counsel for Adrian Miller and
A-2-Z Vacations, LLC.

Adrian D. Miller, Individually

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the CONSENT JUDGMENT AS TO ADRIAN MILLER, A-2-Z, VACATIONS, LLC, AND EAST COAST TRAVEL, INC. were served on this day on counsel of record by depositing a copy of the same in the U.S. Mail, first class postage prepaid and addressed as follows:

Andrew L. Fitzgerald, Esq.
Wall Esleeck Babcock LLP
1076 W. Fourth Street
Winston-Salem, NC 27101
Counsel for Defendant Adrian D. Miller and A-2-Z Vacations, LLC

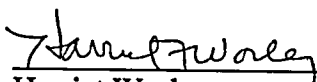
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Counsel for East Coast Travel, Inc., Erin E. Buckley, and Beth E. Cochran

This the 24th day of October, 2014.

ROY COOPER
Attorney General



Harriet Worley
Special Deputy Attorney General